DECLARATION OF THOMAS YODER IN SUPPORT OF THE DEBTOR'S CHAPTER 11 PETITION AND FIRST DAY MOTIONS

I, Thomas Yoder, hereby declare under penalty of perjury:

I am the Chief Operating Officer and Co-Owner of Soleply LLC (the "Debtor" or "Soleply"), a limited liability company organized under the laws of the State of New Jersey with its principal place of business at 2000 NJ-38 Space 2160, Cherry Hill, New Jersey 08002.

I have been actively involved in the management and operations of Soleply since its inception, overseeing financial, operational, and strategic decision-making alongside my business partner, Dustin Billow (CEO), who holds a 51% ownership stake, while I hold a 49% ownership stake.

I submit this declaration (the "Declaration") in support of the Debtor's Chapter 11, Subchapter V bankruptcy petition and in support of the Debtor's first-day motions and applications, described in further detail below (collectively, the "First Day Motions"). I am over 18 years of age and am competent to make this Declaration and testify to the facts set forth herein.

I, or those under my supervision, am generally familiar with the Debtor's day-to-day operations, business and financial affairs, and books and records. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, discussions with members of the Debtor's management team and advisors, review of relevant documents, and financial records. If called as a witness, I could and would competently testify to the facts set forth in this Declaration.

I. HISTORY AND BUSINESS OPERATIONS OF THE DEBTOR

A. Formation and Growth

Soleply was founded in January 2021 by Thomas Yoder and Dustin Billow, two long-time sneaker enthusiasts who began their journey in sneaker resale during high school. Their passion for sneaker culture and business acumen led them to establish Soleply as a premier buy/sell/trade sneaker retail business, specializing in high-end, limited-edition sneakers and streetwear. What started as an online venture quickly evolved into a physical retail presence, as they recognized the demand for a curated sneaker shopping experience that offered both authenticity and exclusivity.

Soleply experienced rapid expansion, growing from its first store to six locations within just three years. This aggressive growth strategy was fueled by a desire to capitalize on the booming sneaker resale market and establish Soleply as a major player in the industry. Each location was strategically placed in high-traffic mall environments, ensuring accessibility for casual shoppers and dedicated sneaker enthusiasts alike. However, in order to fund this rapid

expansion, Soleply took on short-term, high-interest debt, a decision that would later put strain on its financial health.

While each store was initially profitable, the burden of debt repayment soon began to take its toll. Cash flow constraints forced Soleply to divert substantial revenue toward loan payments, leaving insufficient capital to maintain adequate inventory levels. As a result, some stores struggled to sustain the same level of sales, and the company faced mounting financial challenges. Despite efforts to renegotiate lease agreements and debt repayment terms, Soleply was ultimately forced to close four of its six locations to consolidate operations and focus on its strongest-performing store in Cherry Hill, New Jersey.

Today, Soleply remains a profitable business, operating with a streamlined structure and a renewed focus on sustainability. The company continues to serve sneaker enthusiasts with a premium shopping experience, offering a carefully curated selection of rare sneakers and streetwear. However, the weight of outstanding debt and lease obligations from closed stores has made financial restructuring necessary. By filing for Subchapter V bankruptcy, Soleply seeks to discharge unmanageable lease obligations, restructure high-interest debts into more sustainable repayment terms, and emerge as a leaner, financially stable business capable of long-term success in the competitive sneaker market.

II. CAPITAL STRUCTURE AND EVENTS LEADING TO CHAPTER 11 FILING

A. Financial Performance

Revenue Trends Per Year:

- **2021:** $5,396,340
- **2022:** $9,849,194
- **2023:** $10,371,358
- **2024:** $8,842,288

Despite strong revenues in prior years, Soleply’s financial stability eroded due to unsustainable debt obligations and inventory shortages. 2025 will see a steep drop off in revenue due to the closing of four locations. However, it is important to note that the remaining stores are seeing year over year growth when compared to 2024.

B. Debt Structure

As of the Petition Date, Soleply holds the following debts:

Secured Debt:

- **Fundomate Tech Inc.:** $826,665.64

Unsecured Debt:

- **DG Sneakz LLC:** $288,668.00
- **Kajie Li:** $320,874.64
- **Nevis Truitt:** $251,474.81
- **American Express:** $47,891.12
- **Chase Bank:** $86,238.96
- **Luxury Emporium:** $54,865.00
- **Marcum LLP:** $8,025.00

C. Circumstances Leading to Chapter 11 Filing.

Soleply's financial distress was largely driven by the high-interest, short-term debt used to fund store expansions, which created a cycle of inventory shortages and cash flow instability that ultimately proved unsustainable. Initially, when opening new locations, Soleply experienced strong sales, and each store showed early profitability. However, because these expansions were primarily financed through merchant cash advances and other short-term lending arrangements, the repayment structure required aggressive daily and weekly payments, significantly reducing available operating capital.

As a result, instead of reinvesting profits into restocking inventory—a crucial factor for sustaining sales—Soleply had to allocate a disproportionate share of revenue toward servicing debt. This meant inventory levels began to decline across all locations, leading to a reduction in product selection and, consequently, a drop in foot traffic and overall sales performance. With fewer sales generating revenue, the company struggled to keep up with mounting debt obligations, creating a downward financial spiral.

This cash flow imbalance forced the company to take on additional short-term debt just to maintain operations, further compounding the issue. Over time, the financial strain made it impossible to sustain all six locations, leading to the difficult decision to close four stores in an effort to consolidate inventory and focus on the strongest-performing locations

Additionally, while these closures were necessary to consolidate inventory and preserve cash flow, they did not come without significant legal and financial repercussions. The company had signed multi-year lease agreements for each location, and the early terminations triggered claims for damages from former landlords, who are now seeking compensation for lost rental income, outstanding lease obligations, and, in some cases, penalties for breach of contract.

D. Efforts to Avoid Bankruptcy

Prior to filing for Chapter 11, Soleply made extensive efforts to resolve its financial difficulties and avoid bankruptcy. One of the primary strategies was attempting to negotiate lease buyouts

with landlords of underperforming locations. Unfortunately, landlords were unwilling to accept reasonable settlement offers, leaving Soleply obligated to pay for spaces that were no longer financially viable.

In addition to lease negotiations, Soleply engaged in discussions with its largest merchant cash advance (MCA) lender to restructure its high-interest, short-term debt. The lender, however, refused to make any reasonable adjustment to repayment terms, making it increasingly difficult for the company to manage cash flow and continue operations effectively. Without relief from these aggressive repayment schedules, Soleply found itself in a worsening financial cycle where revenues were insufficient to cover both debt payments and essential business expenses such as inventory replenishment and payroll.

III. First Day Motions and Relief Requested

To ensure a smooth transition into Chapter 11 and allow Soleply LLC to continue operations without disruption, the Debtor seeks relief through the following First Day Motions:

A. Wage and Employee Benefits Motion

Soleply LLC employs 35 individuals, consisting of 9 full-time employees and 26 part-time employees. The Debtor’s payroll obligation is approximately $39,000 per biweekly pay period, processed through ADP. As of the filing date (assuming a Wednesday 3/19 filing), there will be approximately 10 days of unpaid wages.

Soleply offers health insurance benefits to certain full-time employees and will be seeking court approval to continue these benefits without interruption. Ensuring employees continue to receive their wages and benefits is critical to maintaining morale, retaining staff, and preventing disruptions to business operations. Therefore, the Debtor seeks authority to:

- Pay all prepetition wages, salaries, and related obligations.
- Continue its health insurance plans and other employee benefits.
- Pay all payroll-related taxes and deductions post-petition.

B. Cash Management Motion

Soleply LLC currently maintains two business bank accounts at Chase Bank—one checking account and one savings account. The Debtor utilizes Shopify as its payment processor for electronic transactions. The company primarily accepts cash and credit card payments, with most transactions handled electronically, though bank checks are issued occasionally.

To ensure continued financial stability, Soleply seeks court approval to:

- Continue using its existing bank accounts rather than opening new debtor-in-possession accounts.

- Maintain Shopify as its payment processor to ensure uninterrupted transaction processing.
- Continue accepting cash and card payments without disruption.

C. Vendor and Inventory Motion

Soleply relies on various wholesalers within the sneaker industry to maintain its inventory. As of the Petition Date, the company has $32,313 in outstanding invoices owed to vendors. To ensure a steady supply of inventory, the Debtor seeks court approval to:

- Continue paying vendors for post-petition orders.
- Designate Courtstyles LLC as a critical vendor, as it supplies essential inventory and is owed $32,313, which must be paid in order to maintain operations.

D. Lease and Real Estate Motion

Soleply currently has four active leases, including:

- Cherry Hill Mall (active and operational)
- Providence Place Mall (to be rejected)
- King of Prussia Mall (planned opening in August)
- Plymouth Meeting Mall (warehouse)

Additionally, the company is seeking to reject leases for:

- Four closed locations: Capital City Mall, Mall at Prince George's, The SoNo Collection, and Christiana Mall.
- Two unopened locations: Crossgates Mall and Destiny USA Mall.

Several landlords have threatened legal action related to these lease terminations. Soleply seeks court approval to:

- Reject the leases for the six closed/unopened locations.
- Continue paying rent for Cherry Hill Mall and Plymouth Meeting Mall.
- Authorize rent payments for King of Prussia Mall upon opening in August.

E. Utilities Motion

Soleply relies on essential utilities, including phone, internet, trash, and gas/electric services, with an average monthly cost of approximately $2,500. The Debtor does not have outstanding utility payments and does not require court intervention to prevent shut-offs. However, it seeks court approval to:

- Continue paying utility providers as usual to ensure uninterrupted service.

F. Taxes and Regulatory Compliance Motion

Soleply has outstanding payroll tax obligations, which are included in the payroll total. The company seeks approval to:

- Continue making post-petition tax payments as required.

Soleply does not require specific permits or licenses to operate.

G. Insurance Motion

Soleply maintains liability, property, automobile, and workers' compensation insurance. The company's provider is Travelers, except for workers' compensation, which is handled by ADP. All insurance payments are current, and there are no past-due amounts. The Debtor seeks court approval to:

- Maintain all existing insurance policies to protect company assets and employees.

H. Other Operational Relief

Soleply is not currently involved in any lawsuits but requires approval to enter into new contracts and agreements necessary for maintaining operations.

By granting the requested relief, the court will allow Soleply to continue functioning smoothly, protect its assets, maintain employee and vendor relationships, and ensure a successful restructuring process under Subchapter V.

IV. CONCLUSION

Soleply LLC remains a viable and profitable business at its remaining locations. However, without relief from its current lease obligations and high-interest debt, it cannot continue operating at a sustainable level.

Through this Subchapter V filing, Soleply aims to:

- Discharge burdensome lease obligations.
- Restructure high-interest debts into more manageable payment terms.
- Continue operations as a leaner, more financially stable business.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 21st **day of** March**, 2025.**

Thomas Yoder
Chief Operating Officer, Soleply LLC
2000 NJ-38 Space 2160
Cherry Hill, New Jersey 08002
Thomasyoder@soleply.com